GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1243
ANSWERED ON:07.03.2008
DISBURSEMENT OF LOAN TO MINORITIES
Saradgi Shri Iqbal Ahmed

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has directed the banks to give priority for minorities in loan disbursement;

(b) if so, the details thereof;

(c) whether the banks have disbursed only 3.38% of their total advances to minorities as against the target of 6% fixed by the Government; and

(d) if so, the reasons therefor?

Answer

THE MINISTRY OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d): In order to ensure improved financial services for the welfare of minorities, Reserve Bank of India (RBI) issued a Consolidated Master Circular dated 05.07.2007 to all the Scheduled Commercial Banks (SCBs) advising them to take care to see that minority communities secure, in a fair and adequate measure, the benefits flowing from various Government sponsored special programmes. This Master Circular also envisages creating a separate cell in each bank to ensure smooth flow of credit to minority communities and also covers the role of the lead bank in the 121 districts identified for purposes of earmarking of targets and location of development projects under the Prime Minister`s New 15 Point Programme for the Welfare of Minorities. Minority communities have also been included in the category of `Weaker Sections` for availing credit within the Priority Sector advances. The Master Circular on credit facilities to Minority Communities under priority sector lending dated 5th July 2007 is available on RBI`s Website (www.rbi.org.in). In October 2007, Public Sector Banks (PSBs) have been directed by the Government to step up lending to minorities from the level of 9% of total priority sector advances to 15% over the next three years, i.e., upto the end of Financial Year 2009-10. As reported by RBI, the details of priority sector advances and share of Minority Communities as in March 2007 is as under:

Amt. (Rs. in Crore)
Year Priority Sector Advances (PS) Share of Minority Communities in Priority Sector (in all districts)
(B) Amt. (A) % share to PS (A/B)
March 2005 376931.90 35355.92 9.38
March 2006 516334.78 45490.60 8.81
March 2007 516945.00 53541.41 10.35
Provisional